

USDA Rural Development - IOWA
Guaranteed Single Family Housing Loan Program

Iowa Single Family Housing Guaranteed Loan Handbook

TABLE OF CONTENTS

Program Summary/Terms.....	Page 1
▪ Closing Costs	▪ Interest Rates
▪ Fees	▪ Refinancing
Automated Underwriting	Page 2
Applicant Eligibility	Page 2
▪ CAIVRS	▪ Income
▪ Credit History	▪ Ratios
Property Requirements	Page 4
▪ Condos	▪ Modular Homes
▪ Duplexes	▪ New Construction
▪ Flood Plain	▪ Outbuildings
▪ Inspections	▪ Townhouses
▪ Location Eligibility	▪ Warranties
▪ Manufactured Homes	
Processing SFHGLP Loans	Page 8
▪ Closing Checklist	▪ Repairs/Escrow
▪ Conditional Commitment	▪ Underwriting
▪ Processing Checklists	
Servicing SFHGLP Loans	Page 9
▪ Delinquency	
▪ Loan Note Guarantee	
▪ Paid in Full Loans	
▪ Reporting	


EXHIBITS

- B** Waiver - Risk Layering Analysis - *OPTIONAL*
- D** SFHGLP Loan Analysis - *OPTIONAL*
- G** Approved Dealer/Contractors
- H** Manual Underwrite Processing Checklist - *OPTIONAL*
- H-1** Guaranteed Underwriting System (GUS) Accept
Processing Checklist - *OPTIONAL*
- H-2** Refi Processing Checklist – *OPTIONAL*
- I** Closing Submission Checklist – *OPTIONAL*

INCOME LIMITS & PROPERTY ELIGIBILITY

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

FORMS

<http://www.rurdev.usda.gov/RegulationsAndGuidance.html>  Click on [Forms](#)

- 1980-21 Request for Guarantee
- 1924-25 Plan Certification – new construction only
- 400-1 Equal Opportunity – new construction only
- 400-6 Compliance Statement – new construction only
- 1980-19 Loan Closing Report
- 1980-11 Lender Record Change

1980-D INSTRUCTION

<http://www.rurdev.usda.gov/RegulationsAndGuidance.html>  Click on [Instructions](#)

ADMINISTRATIVE NOTICES (ANs)

<http://www.rurdev.usda.gov/RegulationsAndGuidance.html>

 Click on [Administrative Notices](#)

Refer to the 1980-D Instruction for more specific information on the SFHGLP program.

GUARANTEED SINGLE FAMILY HOUSING LOAN PROGRAM



PURPOSE

Rural Development offers private lenders a user-friendly program to assist households who are not eligible for conventional financing or any other type of government guaranteed loan and who do not exceed moderate income, purchase new or existing dwellings for use as a primary residence in rural areas. Income and property eligibility may be tested at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

Rural areas are those communities under 20,000 population and rural in character. Open country is considered a rural area.

REFINANCING existing SFHGLP loans or Rural Development 502 Direct loans is authorized. No other refinancing is eligible. Contact your local Rural Development office for the current guarantee fee rate. The SFHGLP may not be used to refinance leveraged loans from a non-Rural Development source that was closed simultaneously with a 502 direct loan. Use **Exhibit H-2** as an optional processing checklist. SFHGLP loans may be assumed by an eligible SFHGLP applicant; however, the transferor is not released of liability.



TERMS

**100% FINANCING
IS AVAILABLE**

100% financing is available. No down payment is required. Approved lenders may loan up to the appraised value and therefore may loan for **REPAIRS and/or CLOSING COSTS** if the appraised value is sufficient. **(NOT TO INCLUDE REPAIR ESCROW)**

INTEREST RATES are negotiated between the borrower and the lender. However, the rate must not be more than the Fannie Mae required net yield for 90-day commitments on 30-year fixed-rate mortgages plus 60 basis points rounded up to the nearest one-quarter of a percent (not applicable for refinances). The daily and historical Fannie Mae rates can be obtained at <http://www.efanniemae.com/sf/refmaterials/hrny/index.jsp> or check your rate sheet.

Lenders may charge the usual and customary **FEES** for a SFHGLP loan as for similar transactions. The closing costs must be reasonable. Loan dockets that contain excessive costs will not be approved. There is a one-time **SFHGLP FEE** due at closing to Rural Development. Closing costs may be **gifted**, however, the secondary market may cap this amount, talk to your underwriter. If closing costs are borrowed, the debt must be included in the ratios.

ANNUAL FEE of 0.4 percent based on the average scheduled unpaid principal balance of the loan, for both purchase and refinance loan transactions. The Annual Fee will be payable each year therefore lenders may establish an escrow account to collect the annual fee from the borrowers on a monthly basis. The Annual Fee Calculator is available at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>

Applicants **may not receive any cash back** at closing, **other than** the documented amount representing costs paid in advance by the borrower from their personal funds (*i.e. earnest money deposit, appraisal, credit report fees*). Pro-rated real estate taxes are not paid by the borrower. Pro-rated taxes are paid by the seller. The borrower cannot be paid pro-rated real estate taxes. Pro-rated credits for taxes must be either:

- 1) Applied as a principal reduction to the guaranteed loan **or**
- 2) Reduce the amount of the loan by the amount of pro-rated real estate tax credit

This same guidance applies to any excess funds remaining from seller paid concessions.

There is **no mortgage insurance** on a SFHGLP loan.

Down payment and closing cost assistance programs such as Iowa Finance Authority (IFA) programs may be used in conjunction with SFHGLP loans. Furthermore, *any* type of joint financing can be considered for use with a SFHGLP loan.



AUTOMATED UNDERWRITING

The Guaranteed Underwriting System (GUS) is available to all approved lenders as an option, although use is not required at this time. GUS incorporates the underwriting requirements of RD Instruction 1980-D and uses a modified version of the Federal Housing Administration (FHA) mortgage scorecard known as Technology Open To Approved Lenders (TOTAL) in a web-based automated underwriting environment.

The GUS is available to activated users 24/7 with no fees. The system allows the user to pre-qualify, determine eligibility, and submit the file to the applicable Rural Development office. Minimal documents are needed for file submissions via GUS.

View online training anytime at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.asp>.

Scroll down & click on [GUS Lender Overview Training](#) to see how it works!

Obtain a sign up package for GUS via Iowa's website at http://www.rurdev.usda.gov/ia/rhsguar_Participating_Lender.html.



APPLICANT ELIGIBILITY

INCOME- Annual and Repayment

The applicant's household *adjusted* annual income may not exceed the county's established MODERATE INCOME limit. Income limits may be found at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Household size is determined by the number of persons who will physically occupy the dwelling on a permanent basis. A person does not need to be listed on the note to be considered a household member.

The income of **ALL** adult household members must be included in the **household income** calculation.

Household income includes not only ALL wages, but all bonuses, overtime, child support, alimony, Social Security, etc. for all persons over the age of 18 that will live in the home. Income received by minors will be counted as income when it is the form of SSI or support of another type. Wages earned from minors are not considered household income. Income from students that are 18 or older will be used in the determination of household income.

Adjustments to annual income include dependent children (deduct \$480 for each child) and child care expenses for dependents under twelve. Other deductions may include full-time adult students, elderly families and medical expenses for elderly families. Adjusted income is calculated by subtracting the adjustments from gross income.

Refer to Rural Development Instruction [1980.347](#) and applicable [Administrative Notices](#) (ANs) for more information about calculating gross and adjusted income. Use of **Exhibit D** to determine income qualification for a SFHGLP loan is optional.

RATIOS

Applicants must demonstrate adequate repayment ability by meeting Underwriting Ratios. Income used in the ratios should be derived from those who are parties to the note. **Income used in the ratios should be supported by historical evidence.**

RATIOS
29/41

Monthly housing expense to **gross** income may not exceed **29%**. Total obligations to **gross** income may not exceed **41%**. Child care paid is not considered a debt in the ratios while Child Support is considered. All debts with more than six months remaining are required to be included in the total debt ratio. Shorter term debts that may have a significant impact on repayment ability may also be considered in determining ratios. Revolving debt will always be considered when calculation debt ratios regardless of the balance. If no monthly payment is listed, the underwriter may use 5% of the balance for the monthly payment due or the applicant can provide a recent statement as evidence of a lower payment.

Deferred student loans must be included in the debt ratio calculations regardless of the deferment period. If the credit report does not indicate a monthly payment amount, lenders may use the monthly payment amount provided by the loan servicer or 1% of the loan balance reflected on the credit report.

Any co-signed debts as well as obligations on previous mortgages must be included as a debt in underwriting ratios unless the lender submits 12 months of cancelled checks documenting that another responsible party is paying the liability.

The underwriting ratio requirements may be exceeded in occasions where acceptable compensating factors exist or if the credit score of the applicant(s) exceeds 680. Rural Development Instruction 1980.345 and applicable ANs provide more specific details regarding repayment ability for a SFHGLP loan. **Exhibit B**, Risk Layering Analysis, is optional and may be utilized to document the decision by the underwriter.

CREDIT

The applicant's credit history must indicate a reasonable ability and willingness to meet obligations as they become due.

CREDIT VERIFICATIONS

There are two main credit verifications required by Rural Development.

Credit Reports Rural Development accepts Residential Mortgage Credit Reports (RMCR), Tri-Merged Reports (MMRC) or Nontraditional Mortgage Credit Reports (NTMCR) for the SFHGLP program. Credit reports that meet the standards of Fannie Mae, Freddie Mac, HUD, VA and Rural Development are acceptable.

Three nontraditional sources are required for applicants with current rent/housing history. Four nontraditional sources are required for applicants with no rent/housing history. Tradeline sources must be open and have a 12 month history.

Credit reports must be re-verified if the loan is not closed within 120 days from the date of the original verification (180 days for proposed new construction).

Credit Alert Interactive Voice Response System (CAIVRS) Lenders must document the CAIVRS number prior to submitting a SFHGLP application and documenting the confirmation number above applicant's signature on page 2 of Form RD 1980-21, Request for Single Family Housing Loan Guarantee. Effective October 1, 2008, access to CAIVRS will be completed via the Internet. CAIVRS identifies individuals who have delinquent Federal debts. The applicant must be current and judgment-free on any Federal debt; this includes any previous Rural Development or Farmers Home Administration debt. The instructions for checking CAIVRS are as follows, or may be found at https://entp.hud.gov/caivrs/public/caivrs_phone_script_lenders.htm:

Internet Access for FHA Approved Lenders

FHA lender staff currently accessing CAIVRS via the telephone who *have* FHA Connection User Ids will need to request that their FHA Connection Application Coordinator update their FHA Connection profile to

include CAIVRS. FHA lender staff that *does not* have FHA Connection User Ids should access the FHA Connection at: <https://entp.hud.gov/clas/index.cfm>, and select *Registering to Use the FHA Connection* to request a User ID and access to CAIVRS.

Internet Access for Non-FHA Participating Agency Lenders

Non-FHA lender staff currently accessing CAIVRS via the telephone will need to request access from HUD's Internet site at <https://entp.hud.gov/caivrs/public/home.html>, and select *Registering Lender User ID* from the main menu. Each non-FHA lender must request at least one Application Coordinator User ID as well as a Standard User ID for each individual user.

Lenders utilizing GUS are provided with a service that automatically retrieves a CAIVRS number for each applicant upon completion of the "Borrower" application page.

HISTORY

Credit Scores are only used to streamline application processing. There are no minimum credit scores. Please review current AN for further guidance.

A description of **unacceptable credit** may be found in [Rural Development Instruction 1980-D](#) at [1980.345](#)

If an applicant's credit score is **< 640** and the family has experienced adverse credit as described in 1980-D, the lender's underwriter must submit written documentation that the circumstances that caused the delinquency were beyond the applicant's control *and* those circumstances have been removed. **Exhibit B**, Risk Layering Analysis, may be utilized to document the decision by the underwriter.

If the credit score of applicant(s) is 640 or above, credit waivers are not required and lender may proceed with application without issuing a credit waiver. Lender must document their permanent mortgage loan file with their rationale for the waiver.

OTHER

The applicant *does not* need to be a first-time home buyer. However, there are several other eligibility criteria that applicants must meet to qualify for a SFHGLP loan.

- ▶ If the applicant owns a home, it must be sold prior to (or simultaneous to) the closing of the new purchase loan.
- ▶ The borrower must intend to occupy the home on a permanent basis.
- ▶ **Co-Signers** are not allowed with RD financing.



PROPERTY REQUIREMENTS

The property must be located in a rural area or rural community. Certain communities are ineligible due to size and/or location within a MSA (Metropolitan Statistical Area). Property location eligibility may be determined at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>. The property must be a **SINGLE FAMILY DWELLING**.

APPRAISALS

The appraisal forms that must be used for loan origination purposes are as follows:

- Uniform Residential Appraisal Report (URAR): FNMA 1004/FHMLC70 for one unit single family dwellings
- Manufactured Home Appraisal Report and Addendum: FNMA 1004C/FHLMC 70B for all manufactured homes

- Individual Condominium Unit Appraisal Report: FNMA 1073/FHLMC 465 for all individual condominiums units

A complete URAR, must be completed by licensed or certified state appraisers. The appraised value must at least equal the loan amount. The appraisal must contain at least three comparable properties that have been sold within the past 12 months. Comparables from similar communities may be used if adequate comparables do not exist in the subject community. The appraisal must contain photos of all comparables as well as the subject property. (An appraisal is not required if refinancing an existing SFHGLP loan and the SFHGLP fee only).

The cost approach section of the appraisal is required to be completed when dwellings are less than one year old. For dwellings more than one year old, the cost approach section needs to be completed only to the extent necessary to comply with site value analysis of 1980.313(e).

Form 1004 MC "Market Conditions Addendum to the Appraisal" must accompany all appraisals.

INSPECTIONS

Properties serving as collateral must meet the requirements of RD Instruction 1980-D, section 1980.341(b)(1)(i) (Meets the current requirements of HUD Handbook 4150.2 and 4905.1.). The qualified inspector may be an FHA Roster Appraiser or one deemed qualified by the approved lender.

An appraisal performed by an FHA Roster Appraiser, when prepared in accordance with HUD Handbook 4150.2, serves as acceptable documentation to comply with existing dwelling inspections. Appraisers may certify the requirements have been met on page three of the appraisal form in the "Comment" section, in an addendum to the appraisal, or elsewhere on the appraisal form.

A separate Home Inspection Report prepared by a home inspector deemed qualified by the approved lender may also be an option to meet existing dwelling inspection requirements.

Finally, if an FHA Roster Appraiser is not available, the lender may determine that a non-FHA roster appraiser is qualified to perform the home inspection as long as the lender is assured that the non-FHA roster appraiser is thoroughly familiar with HUD Handbook 4905.1 and 4150.2. An individual who is not thoroughly familiar with HUD Handbook 4905.1 and 4150.2 should not certify that a property meets all the HUD Handbook standards. Doing so would constitute a misrepresentation. Lenders should be reminded that they are responsible for the acts of their agents, including appraisers.

The inspection (appraisal or home inspection report) will be submitted as part of the SFHGLP application. The HUD Handbooks are available from the HUD Ordering Desk at 1-800-767-7468.

Dwellings with space heaters, wall furnaces or gravity heat as their primary source of heat are not acceptable.

**Home Inspection
-or-
Documentation
per HUD HB 4150.2**

FLOOD PLAIN

Existing properties located in the 100-year flood plain are eligible for a Rural Development guarantee when flood insurance is obtained. (The insurance cost must be included in the ratios.) Lender must submit FEMA, Standard Flood Hazard Determination, FEMA 81-93 and an Elevation Certificate completed by a land surveyor, engineer, or architect who is authorized by law to certify elevation information.

The **Elevation Certificate** is an important administrative tool of the National Flood Insurance Program (NFIP). It provides a way for a community to document compliance with NFIP's required community floodplain management ordinance. This certificate DOES NOT provide a waiver of the flood insurance purchase requirement and RD will not allow a waiver for flood insurance.

Per 1980.318(a)(4) it indicates the first floor elevation must be above the 100-year flood zone elevation. How do I determine what is considered the first floor? In a non-elevated building, the lowest floor used for rating is the building's lowest floor including a basement, if any. If basement has at least one window or door to provide daylight and at least one window or door that can be opened to provide an escape

or rescue opening, that basement meets the definition of “lowest floor” and is considered the first floor, therefore, the basement must be above the 100-year flood zone.

LOCATION

The site must be located on an all-weather road. The value of the site must not exceed 30% of the total value of the property. Rural sites with values exceeding the 30% of the total value may be acceptable if the lender obtains documentation from the local zoning office that the site cannot be further subdivided for residential purposes based on its current zoning. Properties with **OUTBUILDINGS (besides the house and garage) and/or NON ESSENTIAL LAND** are not eligible purposes.

NEW CONSTRUCTION

The builder and lender are responsible for seeing the following requirements are met to insure the proposed new construction of single family dwellings is eligible for SFHGLP.

- ▶ An appraisal will be made prior to construction by a state certified appraiser. The appraisal needs to support the decision to build the dwelling at the proposed cost.
- ▶ The plans and specifications must meet appropriate building codes and Rural Development thermal guidelines for new construction (Model Energy Code).
- ▶ Applicable development standards are adhered to.
- ▶ Applicable laws, ordinances, codes and regulations are in compliance.
- ▶ Drawings, specifications, and estimates are adequate.
- ▶ Adequate water, electric, heating, waste disposal and other necessary utilities and facilities are obtained. The water and water/waste disposal systems must be approved by a state or local government agency.
- ▶ Construction and development are performed expeditiously and properly including inspections of sites and construction or development in various stages of completion to determine that work and material conform to the approved certified drawings and specifications and any other requirements.
- ▶ A final payment is made only after the final inspection has been made and the construction or development has been found to be complete in all respects.
- ▶ A builder's warranty is issued when new construction, repair or rehabilitation is involved, which provides for at least one year's warranty from the date of completion or acceptance of the work.
- ▶ No claims or liens exist against the borrower or the security.

New Construction is not allowed in a flood plain!

New construction requires a **plan certification** as well as **periodic inspections** with a one-year warranty or a final inspection and a 10-year warranty. The following documentation should be *maintained in the lender's case file* in addition to the regular application package for new construction.

CERTIFIED PLANS AND SPECIFICATIONS

RD Instruction 1980.340(b)(1)

The Lender's file must contain evidence that the plans and specifications comply with all development standards* applicable to the new construction. Acceptable evidence includes:

1. Copy of the certification from a qualified individual or organization that the reviewed documents comply with applicable development standards. Form RD 1924-25 "Plan Certification" is an acceptable format, but is not required.

-OR-

2. Certificate of Occupancy issued by a local jurisdiction.**

-OR-

3. Building Permit (or equivalent) issued by local jurisdiction.**

The lender may accept certifications only from individuals or organizations trained and experienced in the compliance, interpretation or enforcement of the applicable development standards* for drawings and specifications. ***Plan certifiers may be any of the following:***

- (1) Licensed architects,

- (2) Professional engineers,
- (3) Plan reviewers certified by a national model code organization,
- (4) Local building officials authorized to review and approve building plans and specifications, or
- (5) National codes organizations.

* Applicable development standards - The current edition of any of the model building, plumbing, mechanical, and electrical codes listed in exhibit E of 7 C.F.R. part 1924, subpart A applicable to single family residential construction or other similar codes adopted by the Agency for use in the State.

** If this method is used, the State Director must determine whether local communities or jurisdictions qualify to use this form of "acceptable evidence" under RD Instruction 1924-A, Section 1924.5(f)(1)(iii)(C)(2).

EVIDENCE OF CONSTRUCTION INSPECTIONS RD Instruction 1980.341(b)(2)

The Lender's file must contain copies of the documents described in one of the following three options:

1. Certificate of Occupancy issued by a local jurisdiction that performs at least 3 construction phase inspections, including those prescribed in RD Instruction 1980-D, §1980.341(b)(2), and a 1-year builder warranty plan acceptable to Rural Development.

-OR-

2. Three construction inspections performed when:

- Footings and foundation are ready to be poured and prior to back-filling.
- Shell is complete, but plumbing, electrical and mechanical work is still exposed.
- Final inspection of completed work prior to occupancy.
- A 1-year builder warranty plan acceptable to Rural Development.

-OR-

3. Final inspection and a 10-year insured builder warranty plan acceptable to Rural Development.

One contract for the entire development must be obtained when a house is built under contract (rather than spec).

Forms RD 400-1 and 400-6 must be submitted. (Lender must comply with Equal Opportunity and non-discrimination.)

New construction **INSPECTIONS** are to be completed by a construction inspector that the lender has determined to be qualified.

A **WARRANTY** is a legally enforceable assurance provided by the builder (warrantor) to the owner and the lender indicating that the work done and materials supplied conform to those specified in the contract documents and applicable regulations. For the period of the warranty, the warrantor agrees to repair or replace any defective materials at the expense of the warrantor.

ONE-YEAR WARRANTY: This warranty is provided by the builder and may be on their own form provided it covers the above information.

TEN-YEAR WARRANTY: A ten-year warranty must agree to claim authority to act as a risk retention group under the Products Liability Risk Retention Act of 1981. This warranty may be obtained through any of the following warranty companies. (This list is subject to change.)

Home Buyers Warranty Corp. (HBW or 2-10)
2675 S Abilene Street
Aurora, CO 80014
(800) 488-8844

Residential Warranty Corporation (RWC)
5300 Derry Street
Harrisburg, PA 17111-3596
(800) 247-1812

Manufactured Housing Warranty Corporation
5300 Derry Street
Harrisburg, PA 17108-0641
(800) 247-1812

StrucSure Home Warranty
6825 E. Tennessee Ave. Suite #410
Denver, CO 80224
(303) 806-8688

In addition to the Nationally Approved Warranty Companies listed above, the following warranty company is approved in the State of Iowa.

Professional Warranty Service Corporation
4443 Brookfield Corporation Drive
Chantilly, VA 20151
703-803-8230

HOME TYPES

TOWNHOUSES, CONDOMINIUMS, and DUPLEXES - Can be eligible for the program. A copy of an acceptable association agreement, covering common areas and party walls, must be submitted for townhouses. Condos must be approved by HUD, VA, Fannie Mae, or Freddie Mac. Duplexes require a copy of an acceptable party wall regime be submitted.

MODULAR HOMES - The new construction requirements of the warranty, inspections, plan certification, and Equal Opportunity also apply to modular homes.

MANUFACTURED HOMES - To be eligible for the SFHGLP program, any manufactured home(sometimes referred to as a “mobile” home) **must be a new unit less than 12 months old, never occupied and include the site.** The date of the purchase agreement must be within one year of the manufactured date displayed on the plate attached to the unit. Units must be purchased and built through a Rural Development approved dealer/contractor. The unit must be placed on a permanent foundation in accordance with State Code and built in conformance with FMHCSS. See ***Exhibit G*** for a listing of approved dealer/contractors. A warranty, inspections and a plan certification are required.



PROCESSING SFHGLP LOANS

Lenders must become an **APPROVED LENDER** with Rural Development prior to submitting a SFHGLP application. Lenders who are “Full-Service” with IBMC need not become an approved lender. Mortgage Brokers working with approved lenders do not need approval.

Use of ***Exhibit H, H-1, or H-2 PROCESSING CHECKLISTS***, as appropriate is optional to assure that all required documents are submitted to Rural Development.

In addition to the processing application, Rural Development requires one form, the **REQUEST FOR GUARANTEE**, Form 1980-21. Refer to optional Exhibits H, H-1 or H-2 to assure all processing documents are submitted to Rural Development.

The approved lender is responsible for UNDERWRITING the loan prior to submitting the package to Rural Development. The risk analysis rests substantially with the lender’s underwriter. The lender uses conventional forms and a state certified appraiser chosen by the lender. Limited Alternative Documentation (Alt Docs) is acceptable. Form 1008 must be signed by an approval official if utilizing this document as underwriting, a handwritten or typed name on this document is not authorized.

Funded buy-downs may be utilized in certain circumstances. A compensating factor must be approved in advance for the use of a funded buy-down.

Rural Development will issue a **CONDITIONAL COMMITMENT** within 24 HOURS of receipt of the application. If the loan amount or the interest rate **increase after** the Conditional Commitment is issued, the lender must comply with the following for Rural Development to issue a new commitment:

- The interest rate may still not exceed the Fannie Mae posted rate for 90-day delivery plus six tenths of one percent and then rounded up to the nearest quarter for a 30-year fixed-rate conventional loan.
- The lender must confirm that the applicant still meets the underwriting ratios.
- The lender will submit a revised Request for Guarantee, RD Form 1980-21, revised Underwriting Transmittal, FNMA 1008, and a revised Uniform Application, FNMA 1003.

**COMMITMENT
WITHIN 24 HOURS**

In order to receive a Loan Note Guarantee prior to completion of development work, an **ESCROW ACCOUNT** may be established by the lender for exterior work only under the following circumstances:

- The weather does not permit the work to be completed and the work remaining does not affect the livability of the home.
- A signed contract and bid schedule are in effect for the proposed exterior work.
- The escrow account must be funded in an amount sufficient to assure the completion of the remaining work. 150% of the cost to complete is suggested, but the lender may require a higher amount if they deem necessary. The escrow may not be established with RD loan funds.
- The work will be completed within 120 days.
- A final inspection report is obtained and RD is advised when the work has been completed.

Use of **Exhibit I, CLOSING CHECKLIST** is option to assure that all closing documents are submitted to Rural Development. Rural Development will issue the **LOAN NOTE GUARANTEE** once all closing documents have been submitted and completed appropriately.

With the closing documents, Lenders must submit the SFHGLP fee. Refer to **Exhibit I** to assure all closing documents are submitted.



SERVICING SFHGLP LOANS

For every RD SFHGLP loan, the original Form RD 1980-17, **LOAN NOTE GUARANTEE**, is retained by the holding or servicing lender attached to the original Promissory Note until such time that the loan is no longer in effect.

Lenders will service loans in accordance with the Lender's Agreement for Participation in Single Family Loan Programs, Form FmHA 1980-16. SFHGLP loans may not be sold to lenders who are not approved through Rural Development. SFHGLP loans may be sold to approved lenders without prior concurrence from Rural Development. The lender will submit a Lender Record Change, Form 1980-11 when a loan is sold to a lender other than Fannie Mae, Freddie Mac or Ginnie Mae. Tax and Insurance escrow accounts insured by FDIC are required.

Servicers will **REPORT** on the status of ALL SFHGLP borrowers on a quarterly basis. Delinquent borrowers are to be reported on a monthly basis. Accounts are considered delinquent when more than 30 days past due.

Reporting is done online at <https://usdalinc.sc.egov.usda.gov> (USDA LINC). Lenders may call toll free **877-636-3789**, or email RD.DCFO.GLB@stl.usda.gov to obtain a Trading Partner Agreement (TPA) to sign up for an ID to access the automated reporting system.

When a SFHGLP loan is **PAID IN FULL**, the holder or servicer of the loan is to return the original Loan Note Guarantee to Rural Development stamped "Paid-in-Full" and notated with the date it was paid in full. It is not necessary to send a copy of the note.

The stamped Loan Note Guarantee is to be returned to Rural Development.

In addition to sending the Loan Note Guarantee to Rural Development, the loan must also be terminated electronically. This must be done during the next quarterly reporting period via the Electronic Data Interface (EDI) status reporting system by changing the Investor Reporting Action code to a "9".

Lenders shall perform services which a reasonable and prudent lender would perform in servicing its own portfolio of loans that are not guaranteed.

For all your Servicing needs please contact:

Centralized Servicing Center-USDA, Rural Development
4300 Goodfellow Blvd. Bldg. 105E, FC-225
St. Louis, MO 63120-1703
1-800-550-5887
Guarantee.svc@stl.usda.gov



LENDER REVIEWS

Compliance reviews are a significant part of the oversight and monitoring process. These reviews are designed to help USDA Rural Development determine that Lenders and Servicers participating in the Single Family Housing Guaranteed Loan Program (SFHGLP) are operating within acceptable standards that minimize the risk to the Agency.

The Lender/Servicers guaranteed loan files will be reviewed to assess compliance with the laws, regulations and policies governing the SFHGLP in the areas of loan production, eligibility, underwriting, servicing and quality control.

The review will also include examining the business operating of the Lender/Servicer and interviewing personnel who work in the lending and servicing process. Additionally, the review will consist of an assessment of the Lender/Servicers' quality control operations and provide specific details of the process.

Generally, compliance reviews will occur on-site at the Lender/Servicers' offices.

Rural Development will perform a two-year Compliance Review on a sufficient sampling of loans originated and/or serviced by each Lender/Servicer who originated 25 or more loans per year or services a portfolio of 50 or more loans.

A five-year Compliance Review will be performed on a sufficient sampling of loans originated and/or serviced by each Lender/Servicer who originated 25 or less loans per year or services a portfolio of 50 or less loans.

Compliance Reviews may be conducted on loans developed by a newly eligible Lender to assure compliance with, and understanding of, Agency regulations. Thereafter, the Lender will be subject to a two-year or five-year review.

USDA, Rural Development - Single Family Housing Guaranteed Loan Program
Risk Layering Analysis

EXHIBIT B
OPTIONAL

Applicant(s): _____

Lender: _____ Address: _____

Underwriter: _____ Phone: _____ Fax: _____

Loan Amount: _____ Repayment Income: _____

Waiver Issue: Adverse Credit - Debt Ratio Waiver (Circle One)

In cases where payment shock is 100% or higher as well as in cases where the applicant did not have housing expenses prior to purchasing a home, *no additional risk layering* should be allowed without *strong* compensating factors.

Housing Payments: Current _____ Proposed _____

Payment Increase _____ = _____ %

Compensating Factors:

____ Credit Score \geq 680 _____	____ Conservative Use of Credit
____ Excellent Credit History	____ Ratios _____ / _____
____ Stable Employment History for 2 years or more	____ Good Residual Earnings
____ Demonstrates Savings Pattern	____ Potential for Increased Earnings
____ Other: _____	

Check all that apply:

____ I, the Underwriter, hereby waive the applicant's adverse credit circumstances. They were temporary of nature, beyond the applicant's control, and have been removed as documented above.

____ I, the Underwriter, hereby waive the applicant's adverse credit circumstances since the delinquency was the result of a justifiable dispute relating to defective goods or services as documented above.

____ I, the Underwriter, hereby approve the ratio above 29/41 due to the strong compensating factors documented above.

Loan approval will be subject to all other underwriting conditions of both, Lender and USDA, Rural Development.

Underwriter Signature

Date



USDA, Rural Development

Waiver Granted: ☐ YES ☐ NO, reason _____

RD LOA Signature _____ Date _____

GUARANTEED LOAN INCOME ANALYSIS***** HOUSEHOLD INCOME CALCULATION *****

All household income is included in this income calculation. Include all base, overtime, commissions, bonuses, child support, part-time jobs, etc. All income from all adult household members whether or not they are on the note. Refer to 1980-D, 1980.347.

***** REPAYMENT INCOME CALCULATION *****

Use income you would normally use for Repayment. This is income that has historically been received (typically 24 months). Before using OT in qualifying income, verify history of receipt for 24 months. Qualifying income is typically not the same as household income.

	Adjusted Annual Income	Annual Repayment Income
Borrower	\$ _____	\$ _____
Co-Borrower	\$ _____	\$ _____
Other Household Members	\$ _____	\$ <u>na</u> _____
SS, SSI, Alimony, Child Support, etc.	\$ _____	\$ _____
Total Income	\$ _____	\$ _____
LESS: Adjustments to Annual Income		
Dependent Children # _____ x \$480 =	\$ _____	
Annual Child care expense	\$ _____	
Elderly (\$400)	\$ _____	
Student or Disabled (\$480)	\$ _____	
Total ADJUSTMENTS	\$ _____	

**Adjusted Household Income \$ _____ is below the _____ County
Moderate Income Limit of \$ _____ For a household size of _____ people.**

%%%

Repayment Ability/Ratios

Monthly Repayment Income	\$ _____		
PITI	\$ _____	PITI Ratio	_____ %
Other Monthly Debt**	\$ _____		
Total Debt	\$ _____	TD Ratio	_____ %

****All debts with more than 6 months remaining or shorter term debts with significant payment, child support paid and deferred student loans must be included regardless of the deferment period.**

Lender/Underwriter Signature

Title

Date

EXHIBIT G**APPROVED MANUFACTURED HOUSING DEALER/CONTRACTORS
USDA, RURAL DEVELOPMENT**

Brothers "3" Mobile Homes 6007 16 th Avenue S.W. Cedar Rapids, IA 52404 (319) 396-1549	Burds Manufactured Housing Inc 14680 Hwy 20 Peosta, IA 52068 (563) 556-7293	Sunrise Housing Inc. 14374 Highway 65 Iowa Falls, IA 50126 (641) 648-4289
Centennial Homes, Inc PO Box 1915- S Hwy 281 Aberdeen, SD 57402-1915	Clearview MHC, LLC 2881 HWY 61 Muscatine, IA 52761 (563) 263-2905	Horkheimer Enterprises Highway 150 South, Box 296 Hazleton, IA 50641 (319) 636-2080
Davis Homes 1650 Hwy. 34 West Mt. Pleasant, IA 52641 (319) 986-6198	Erickson Trucking Inc. DBA Lincoln Homes 971 222 nd Drive, Hwy 30 Ogden, IA 50212 515-275-2717	Ferring Homes Corp. 4229 Lewis Access Road Center Point, IA 52213 (319) 849-2811
Clearview MHC, LLC 2881 Hwy 61 Muscatine, Ia 52761 (563) 263-2905	Creston Mobile Homes Inc. 1464 Highway 34 West Creston, Ia 50801 (641) 782-4548	Hames Mobile Homes 631 Hwy 1 West Iowa City, IA 52240 (319) 354-3030
Happy Homes Inc. 3566 Highway 218 Keokuk, IA 52632	Hilliard Mobile Homes Sales Rt. 5, Box 6 Chariton, IA 50049 (641) 774-4913	
Ida Grove Homes Inc. Highway 175 East, Box 208 Ida Grove, IA 51445 (712) 364-3177	Iseman Mobil Homes 2900 Hwy 75 North Sioux City, IA 51105 (712) 252-0181	
Lansing Homes 1211 Main Street, P.O. Box 328 Lansing, IA 52151 (563) 538-4194	Nu-Trend Mobile Homes 6303 L. Street Omaha, NE 68117 (402) 733-8900	
Ramsey-Jones Homes Inc. RR #1, Box 241-75 LaGrange, MO 63448 (573) 655-2256	Sarver Mobile Home Service dba Century Homes of Oskaloosa R.R. 2, Box 07 Oskaloosa, IA 52577 (641) 672-2344	
Prairie Du Chien Homesteader Inc. PO Box 406 Prairie Due Chien, WI 53821 (608) 326-4919	Squaw Creek Village 6201 Hennessey Parkway Marion, IA 52302 (319) 377-0990	

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

MANUAL UNDERWRITE PROCESSING SUBMISSION CHECKLIST (This includes GUS Refer/Refer with Caution Applications)

PRIOR TO PROCESSING

___ Complete a preliminary loan analysis (Exhibit D, *optional*)

PROCESSING

___ Form 1980-21, Request for Single Family Housing Loan Guarantee (Rev 10/11)

___ Underwriting Approval Document-signed by underwriter (MUST be in file prior to submission)

___ FNMA 1008, Transmittal Summary- *signed by underwriter*

___ FNMA 1003, Uniform Residential Loan Application bearing borrower and lender interviewer signature (typed)

___ VOE(s) & most recent paystub(s) (See Iowa Single Family Housing Guaranteed Loan Program Handbook for additional guidance of acceptable documentation for verifying income)

___ Other Relevant Income Documentation (Divorce Decree, Child Support Records, Social Security, Child Care Letter, etc.) if applicable

___ Residential Mortgage, Tri-Merge, or Non-Traditional Credit Report (see Iowa Single Family Housing Guaranteed Loan Program Handbook for further guidance on Non-Traditional Credit Reports)

___ Other Relevant Credit Documentation

___ Rental Verification (12 months) (only required if score **<640**)

___ Purchase Agreement

___ Appraisal - complete URAR with all addenda including photos and Form 1004 MC "Market Conditions Addendum)

___ Property Inspection

___ Flood Certification

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

GUARANTEED UNDERWRITING SYSTEM (GUS)--ACCEPT PROCESSING SUBMISSION CHECKLIST

PROCESSING

- ☐ Form 1980-21, Request for Single Family Housing Loan Guarantee (Rev 10/11)
- ☐ Appraisal - complete URAR with all addenda including photos
- ☐ Flood Certification

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM

REFI

PROCESSING SUBMISSION CHECKLIST

PRIOR TO PROCESSING

___ Complete a preliminary loan analysis (Exhibit D, *optional*)

PROCESSING

___ Form 1980-21, Request for Single Family Housing Loan Guarantee (Rev 10/11)

___ Underwriting Approval Document (MUST be in file prior to submission)

___ FNMA 1008, Transmittal Summary-signed by underwriter

___ FNMA 1003, Uniform Residential Loan Application bearing borrower and lender interviewer signature (typed)

___ VOE(s) & most recent paystub(s) (See Iowa Single Family Housing Guaranteed Loan Program Handbook for additional guidance of acceptable documentation for verifying income)

___ Other Relevant Income Documentation (Divorce Decree, Child Support Records, Social Security, Child Care Letter, etc.) if applicable

___ Residential Mortgage, Tri-Merge, or Non-Traditional Credit Report (see Iowa Single Family Housing Guaranteed Loan Program Handbook for further guidance on Non-Traditional Credit Reports)

___ Other Relevant Credit Documentation

___ Appraisal - complete URAR with all addendums including photos and Form 1004 MC "Market Conditions Addendum to the Appraisal" (*only if lender's fees are financed **OR** direct loan refi*)

SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM
CLOSING SUBMISSION CHECKLIST

BORROWER NAME _____

_____ Form RD 1980-18, Conditional Commitment with signature (on reverse)

_____ Items requested by Rural Development on Conditional Commitment

_____ 1.

_____ 2.

_____ Form RD 1980-19, Guaranteed Closing Report

_____ SFHGLP fee payable to USDA - Rural Development

_____ Copy of executed note

_____ Copy of final HUD-1 Settlement Statement